WEDNESDAY, APRIL 4, 2018

IN BRIEF

Governor Won't Have Judges Certify Workday

Gov. Andrew Cuomo no longer wants the state comptroller to audit the judiciary, agreeing instead to have Chief Judge Janet DiFiore deal with any performance issues.

DiFiore assured the governor that intervention wasn't necessary.

sary. "Because of these discussions, we do remain confident that steps will be taken as part of the Excellence Initiative to make sure judges perform a full day's work. Obviously this is an issue we're still very much interested in and we'll be monitoring progress," Cuomo spokesman Rich Azzopardi said.

When Cuomo unveiled his \$168.2 billion budget in his address to the Legislature in January, he included a proposal to increase the judiciary's budget by 2.5 percent if judges would certify that their courtrooms will remain open until 5 p.m. daily in an effort to cut backlogs.

The proposal was unpopular with the judiciary, and Chief Administrative Judge Lawrence Marks said requiring judges to be at work at least eight hours a day is an "unusual proposal" and "unnecessary."

The New York state Senate

and Assembly also didn't support the governor's proposal, saying in March that they would not include such a provision in their budget bills.

"These are professional people, we shouldn't treat them like schoolkids," state Sen. John Bonacic, an Orange County Republican who chairs the chamber's Judiciary committee, said in an interview with the New York Law Journal. "Their jobs are not easy, and we aren't prepared to demean them in any way from the important work they do."

Lucian Chalfen, director of public information for the Office of Court Administration, said the judiciary welcomed the governor's decision to allow the judiciary to monitor itself.

"We appreciate the governor's confidence in the chief judge and her Excellence Initiative, which directly addresses the efficiency of court operations and the reduction of case backlogs," Chalfen said. "Delivering justice in a timely fashion involves the tireless work of both judicial and nonjudicial personnel and should someone fall short, they will be held accountable."

-Susan DeSantis

Salaries of NY State Judges Increase for Third Year

The salaries of New York state Supreme Court justices were raised to \$208,000 on April 1, putting them on par with federal court judges.

It was the third year of raises recommended by the Commission on Legislative, Judicial and Executive Compensation. The salaries of Supreme Court justices were raised in 2016 to \$193,000, in 2017 to \$194,900 and then to \$208,000 this year. There will be a cost-of-living adjustment next year if necessary.

The rest of the judges of the state's Unified Court system also received similar raises on April 1. For example, the pay of criminal and civil court judges was increased to \$193,500, up from \$181,300.

Under the law establishing the commission, its recom-

mendations automatically go into effect unless the governor or Legislature alters the plan before April 1.

-Susan DeSantis

SEC Takes Action Against Aegis Capital, 2 Officers

In the latest example of regulators' growing tendency to focus on compliance officers, the U.S. Securities and Exchange Commission has accused two former COs of aiding and abetting anti-money laundering violations at New York brokerage firm Aegis Capital Corp.

The SEC last week also cited the company and its CEO in cease and desist » Page 4

Ex-Skadden Associate Gets 30-Day Jail Sentence for Lying To Mueller's Team »2

Founders of Cryptocurrency Tech Company Face Fraud Charges

BY COLBY HAMILTON

TWO heads of a tech company that raised tens of millions through an initial coin offering for what was sold as the world's first multiblockchain debit card now face federal civil and criminal charges for allegedly defrauding investors. Sohrab Sharma and Robert Far-

Sohrab Sharma and Robert Farkas, identified by officials as the co-founders of Centra Tech Inc., were charged with securities and



Co-founders of **Centra Tech Inc.,** Robert Farkas, left, and Sohrab Sharma

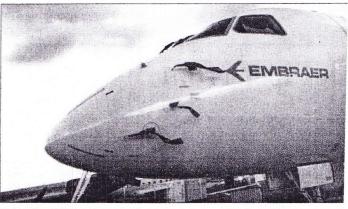
wire fraud by the U.S. Securities and Exchange Commission, and securities and wire fraud charges by the Justice Department. The charges were filed in the U.S. District Court for the Southern District of New York. The pair were arrested in Florida on Sunday, and appeared before the local district court on Monday.

According to federal officials, Sharma and Farkas issued a fraudulent ICO that raised at least \$32 million from thousands of investors. The funding was supposed to build a suite of financial products. such as the debit card investors who were told would be backed by Visa and Mastercard. The card would allow instantaneous conversion of cryptocurrencies into U.S. dollars and other forms o government-backed legal tender The ICO was promoted by boxing champion Floyd Mayweather and music producer DJ Khaled.

Federal authorities said tha Farkas had made flight reserva tions to leave the United States but was arrested before he was able to board his flight.

"As alleged, Sohrab Sharma and Robert Farkas took advantage o widespread investor interest in the rapidly growing cryptocur rency market to raise million of dollars in investments in startup company based on a fals sales pitch," Deputy U.S. Attorne Robert Khuzami of the Souther District of New York said in a state ment. "While the cryptocurrenc industry may be a new frontier, is subject to the same laws agains investor fraud as any other type o company."

According to prosecutors, Ceitra Tech began adver- » Page



An Embraer SA E190-E2 aircraft

Class Action Defeat Highlights Uphill Path in Securities Suits

BY COLBY HAMILTON

A RECENT win by Skadden, Arps, Slate, Meagher & Flom in defeating a class action suit against Brazilian aerospace conglomerate Embraer, which acknowledged global bribery allegations as part of a deferred prosecution agreement with U.S. investigators in October 2016, served as a good snapshot of the recently evolved set of challenges faced by those seeking to bring a federal class securities action in the Southern District of New Yo In Employees Retirement S tem of the City of Providence Embraer, 16-cv-06277, the pla tiffs, represented by Pomeran alleged the company and its t officers violated a number of serities laws and rules. The soun of the violations during the cla period from early January 2012 late November 2016 centered Embraer's violation of the Fore Corrupt Practices Act.

The company would adr in October 2016 that, » Pa

Destaurant Operator Agroos to \$51

DECISIONS OF INTEREST

First Department

REAL ESTATE: Failure to send notice revoking tax benefits to petitioner's counsel violates due process. The Grand 73 LLC v. N.Y.C. Hous. Pres. & Dev., Supreme Court, New York.

LANDLORD TENANT LAW: HPD denied dismissal of motion of pending eviction proceeding, ordered to

U.S. Courts

INSURANCE LITIGATION: Doctor's payment suit, removed under ERISA, not remanded; claims implicate plan coverage. Salzberg v. Aetna Ins. Co., SDNY.

DAMAGES: Market price for tires reasonable; 'margin' fee is interest